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January 10, 1962

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NATIONAL SECURITY ACTION MEMORANDUM NO. \_\_\_\_\_

MEMORANDUM FOR

SUBJECT: Guidelines for the Military Aid Program

1. While recognizing that a period of high tension over Berlin and South-east Asia is an inappropriate time to make sizeable, early cuts in military aid programs, the President believes that we must move ahead with the longer range process of reshaping our MAP policies to make them fully consistent with the needs of the 1960s.
2. The main thrust of US aid in the next decade should be to assist in economic development and nation-building. We need a revised MAP policy that complements more effectively the new AID emphasis on national development efforts to deal with the root causes of internal instability and to decrease local vulnerability to Communist indirect attack, which seems a more likely threat than over Bloc local aggression.
3. These broad guidelines raise major questions of MAP policy with respect to Korea, the GRC, Pakistan, Iran, Greece, and Turkey--six key recipient countries which face a combined internal and external threat to their security. Continued large MAP outlays appear to be required in these countries over at least the next five years. Particularly where local economic and MAP-

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supported programs tend to compete for US and local resources, however, the US should increase its relative emphasis on economic and, where appropriate, internal security programs.

4. To this end, the President regards the five-year MAP and force ceilings proposed by the Military Assistance Steering Group as indicating the broad direction in which we ought to move over the next five years. He recognizes, however, that political and other factors may dictate flexibility in the timing and magnitude of the MAP and force reductions called for, and that the Steering Group proposals need further refinement to take these factors into account. Therefore he directs that Military Assistance Plans for FY 1964-68 (including the final proposed FY 1963 Program) be prepared on the following basis:

- a. For Pakistan, Greece, and Turkey the Steering Group proposals should be tentatively accepted as reasonable targets, subject to appropriate phasing to take account of political and other factors-- including increases in AID programs. Alternative programs may also be prepared if considered justified, with the relative merits of the two fully set forth. These programs are to be submitted by 15 July 1962.
- b. For Korea, the President favors a substantial shift of resources from MAP to AID programs along the lines proposed by the Steering Group. But he will reserve final judgment

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as to timing and magnitude until State, AID, and Defense can study this problem further and prepare firm FY '63-'68 recommendations. Their report, to be submitted by 15 June 1962, should include a full review of: (a) the relative threats to US interests in Korea; (b) such military factors as the desirable level of US forces in Korea and the proper military mission for ROK forces; (c) the desirability of accelerated economic aid and ROK absorptive capacity; and (d) the political problems involved.

- c. For Iran the President approves in principle the 150,000 man force level and FY 1963-67 MAP ceiling of \$300 million proposed by the Steering Group. State and AID should submit prompt recommendations for an approach to be made to the Shah, including an economic aid package in support of the new Iranian Seven Year Plan which could be used to offset the impact of a MAP cut.
- d. For the GRC, while it is recognized that overriding political considerations will be determining, an alternative FY 1963-68 plan should be developed on a US Eyes Only basis to indicate what might be involved in carrying out the proposal considered by the Steering Group.

5. To clarify the prospective dimensions of the increased emphasis on economic aid called for in para. 3 above, AID should prepare, parallel

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to the above submissions, illustrative estimates of the economic aid the six countries could effectively absorb during FY 1963-68, taking into account the proposed shifts in MAP and force levels.

6. One major technique of MAP adjustment should be a selective stretch-out of force modernization in the six countries, weighing carefully the military benefits of placing advanced and sophisticated materiel in the hands of local forces (including the possibility that US forces may have to assume a greater role in consequence) and avoiding whenever politically feasible the introduction of such materiel where local financial, manpower, and skill resources are inadequate to absorb them.

7. Economic Supporting assistance to local military budgets should continue to be reduced as rapidly as is consistent with a realistic assessment of local resources and of the effect of development aid.

8. In carrying out the above policies, every effort should be made to convince recipient countries that, while continuing to support reasonable defense forces, they should focus their primary efforts on building viable societies which can resist cold-war pressures.

9. The Director of AID, in collaboration with other responsible departments, will be responsible for carrying out the further studies called for

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above. To assist him in assuring adequate follow-through on its recommendations, he should use the Military Assistance Steering Group, under AID chairmanship, in an advisory role.

10. The Director of AID should also study what improved planning and programming techniques are needed so that military and AID programming can be effectively coordinated to insure that total US aid to any given country is used to the best overall advantage. This report, to be submitted not later than 1 May 1962, should include recommendations as to the most effective means, at both country-team and Washington levels, for meshing the AID and MAP planning cycles.

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